



**STATE BOARD OF EQUALIZATION**

450 N STREET, SACRAMENTO, CALIFORNIA  
PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0080  
(916) 322-2270 • FAX (916) 324-3984  
[www.boe.ca.gov](http://www.boe.ca.gov)

BETTY T. YEE  
First District, San Francisco

SEN. GEORGE RUNNER (RET.)  
Second District, Lancaster

MICHELLE STEEL  
Third District, Rolling Hills Estates

JEROME E. HORTON  
Fourth District, Los Angeles

JOHN CHIANG  
State Controller

KRISTINE CAZADD  
Interim Executive Director

**STATE BOARD OF EQUALIZATION MEETING**  
**5901 Green Valley Circle, Room 207, Culver City**  
**June 21-24, 2011**  
**NOTICE AND AGENDA**  
**Meeting Agenda (as of 4:00 p.m., 06/23/11)**

[Agenda Changes](#)

[Webcast on Tuesday, June 21, 2011](#)

**Tuesday, June 21, 2011**

**Board Committee Meeting\***

This item is scheduled for Friday, June 24, 2011.

**9:30 a.m. Board Meeting convenes\*\***

Agenda items occur in the order in which they appear on the agenda. When circumstances warrant, the Board's Chair may modify the order of the items on the agenda. Items may be postponed to a subsequent day; however, items will not be moved to an earlier day.

**Board Meeting\*\***

**Special Presentation**

- Presentation of Resolution ..... Mr. Horton  
Honorable Matthew K. Fong (Deceased)

- A. Homeowner and Renter Property Tax Assistance Hearings  
There are no items for this matter.

- B. Corporate Franchise and Personal Income Tax Hearings**  
(Contribution Disclosure forms required pursuant to Gov. Code § 15626.)

- B1. [Gerald J. Marcil and Carol L. Marcil, 458832+](#)  
For Appellant: Gerald J. Marcil, Taxpayer  
Layton L. Pace, Attorney  
For Franchise Tax Board: David Gemmingen, Tax Counsel  
Ciro Immordino, Tax Counsel

- B2. [Howard Brief, 530872 +](#)  
For Appellant: Howard Brief, Taxpayer  
For Franchise Tax Board: [Ciro Immordino, Tax Counsel](#)  
[David Gemmingen, Tax Counsel](#)
- B3. [Jaroslav Marik and Jirina Marik, 547265 +](#)  
For Appellant: Ward R. Nyhus, Jr., Attorney  
For Franchise Tax Board: [Raul Escatel, Tax Counsel](#)  
[Bill Hilson, Tax Counsel](#)
- B4. [Thomas Najarian and Tamar Najarian, 522166 +](#)  
For Appellant: Meher Der Ohanessian, Representative  
For Franchise Tax Board: [Sonia Deshmukh, Tax Counsel](#)  
[Bill Hilson, Tax Counsel](#)
- B5. [Gerald A. Hutchinson, 552085 +](#)  
For Appellant: Michael Leight, Attorney  
For Franchise Tax Board: [Anjali Balasingham, Tax Counsel](#)  
[David Gemmingen, Tax Counsel](#)
- B6. [Myers Power Products, Inc., 546913 +](#)  
For Appellant: Jack E. Fisher, Representative  
William S. McCarthy, Representative  
Stein K. Agee, Representative  
For Franchise Tax Board: [Jane Perez, Tax Counsel](#)  
[Karen Smith, Tax Counsel](#)
- ~~B7. [Marilyn S. Kwolek, 518196 +](#)~~  
~~For Appellant: [Hector C. Perez, Attorney](#)~~  
~~For Franchise Tax Board: [Raul Escatel, Tax Counsel](#)~~  
~~[Bill Hilson, Tax Counsel](#)~~
- B8. [Sean S. Niknafs and Sima Mirhashemi, 529770 +](#)  
For Appellant: James G. LeBloch, Attorney  
For Franchise Tax Board: [Adam Susz, Tax Counsel](#)  
[Bill Hilson, Tax Counsel](#)
- B9. [State-of-the-Art Technologies, Inc., 521969 +](#)  
For Appellant: Sota Omoigui, Representative  
Barry Moser, Representative  
For Franchise Tax Board: [Diane Ewing, Tax Counsel](#)  
[Jane Perez, Tax Counsel](#)
- ~~B10. [Gayle Barrett and Douglas Barrett, 538085 +](#)~~  
~~For Appellant: [Gayle Barrett, Taxpayer](#)~~  
~~For Franchise Tax Board: [Jaclyn Appleby, Tax Counsel](#)~~  
~~[Diane Ewing, Tax Counsel](#)~~

~~B11. Franklin Casco, Jr., 512009 +~~~~For Appellant: Franklin Casco, Jr., Taxpayer~~~~For Franchise Tax Board: Karen Smith, Tax Counsel~~~~Diane Ewing, Tax Counsel~~

## B12. Bill Kells, 546539 +

For Appellant: Bill Kells, Taxpayer

For Franchise Tax Board: Jaclyn Appleby, Tax Counsel

Diane Ewing, Tax Counsel

~~B13. Dean Mike and Theresa Mike, 382833 +~~~~For Appellant: Keith Shibou, Representative~~~~For Franchise Tax Board: Natasha Sherwood Page, Tax Counsel~~~~Bill Hilson, Tax Counsel~~

## B14. Charles E. Kohlhasse, Jr., 547973 +

For Appellant: Charles E. Kohlhasse, Jr., Taxpayer

For Franchise Tax Board: Karen Smith, Tax Counsel

Diane Ewing, Tax Counsel

**C. Sales and Use Tax Appeals Hearings**

These items are scheduled for Thursday, June 23, 2011 and Friday, June 24, 2011.

**D. Special Taxes Appeals Hearings**

These items are scheduled for Friday, June 24, 2011.

**E. Property Tax Appeals Hearings**  
There are no items for this matter.

**F. Public Hearings**

F1. *Proposed Adoption of Regulation 1685.5, Calculation of Estimated Use Tax - Use Tax Table +* .....Mr. Heller

Staff request for adoption of proposed regulation to implement the new use tax table provisions of Revenue and Taxation Code section 6452.1.

F2. *Business Taxpayers' Bill of Rights Hearings* .....Mr. Gilman

Individuals have the opportunity to present ideas, concerns, and recommendations regarding legislation, the quality of agency services, and issues related to the administration of tax programs, including sales and use taxes, environmental fees, fuel taxes, and excise taxes, and any problems identified in the Taxpayers' Rights Advocate's *Annual Report*.

F3. [Property Taxpayers' Bill of Rights Hearings](#) .....Mr. Gilman

Individuals have the opportunity to present ideas, concerns, and recommendations regarding legislation, the quality of agency services, and issues related to the administration of tax programs, including state and county property tax, and any problems identified in the Taxpayers' Rights Advocate's [Annual Report](#).

**G. Tax Program Nonappearance Matters – Consent**

(Contribution Disclosure forms not required pursuant to Gov. Code § 15626.)

G1. Legal Appeals Matters .....Mr. Levine

➤ Hearing Notice Sent – No Response

1. Steve Kwon, 443204 (EH)
  2. Cal-U-Rent of Thousand Oaks, Inc., 468292 (AR)
  3. Outback Flight Services, Inc., 329124 (UT)
  4. Ali Shahryarinejad, 418258 (AC)
  5. Beach City Market, Inc., 466431 (FH)
  6. Victor Mora, 448667 (EA)
  7. Elsie Ruth Edmond, 457736 (AS)
  8. Dennab, Inc., 418584 (EH)
  9. Debra Lyn Holland, 474248 (FH)
  - 10a. Arleen Dauber Robeson and Gerald Patrick Robeson, 308850 (ET)
  - 10b. Chief Red Cloud, LLC, 298033, 308053, 308054 (ET)
  - 10c. Chief Red Cloud, LLC, 308851 (ET)
- Petitions for Release of Seized Property
11. Kulbir Singh Khangura, 567266 (ET)
  12. Harish Gulati, 563805 (ET)
  13. USA Liquor of Bakersfield, LLC, 565979 (ET)
  14. Maria Josefina Valdez, 563791 (ET)
  15. Sharaf Nagi Ali, 565985 (ET)

G2. Franchise and Income Tax Matters .....Mr. Ambrose

➤ Decisions

1. Farhad Alamolhoda, 485964
2. Virginia H. Atherton, 538072
3. Cristilita S. Bautista, 535766
- 4a. Brian Croner.com, LLC, 536357
- 4b. UOFNOBS.com, LLC, 536359
- 4c. Greekbod.com, LLC, 536362
- 4d. Adglu.com, LLC, 536363
- 4e. Vapper.com, LLC, 536364
5. Sidney Corrie, Jr., 535336
6. The Cozy Stove & Spa Company, Inc., 546395
7. Elias Gallegos III, 547977
8. Carolyn Gereau, 479768
9. Kizna Goodie, 510022

10. Janice Healey, 514427
  11. Robert Jeavons, 467572
  12. Prabhakar Kotla, 510830
  13. Shantai S. Mackey, 514014
  14. Daniel J. Moncino II, 466930
  15. Marta E. Percolla, 467005
  16. Catherine A. Perez, 514767
  17. John Reese, 510808
  18. Todd K. Sand and Jennifer N. Memo, 536773
  19. John Albert Schram III, 491626
  20. Christopher A. Suarez, 536739
  21. Robert Vernick and Myriam Vernick, 539077
  22. Matthew Wharton and Stephanie Wharton, 513919
  23. Ali Reza Zakeri, 535357
  - Petitions for Rehearing
    24. Jeanette L. Dixon, 476764
    25. Lee Gale, 258580
    26. Clovus M. Sykes, 529645
- G3. Homeowner and Renter Property Tax Assistance Matters  
There are no items for this matter.
- G4. Sales and Use Taxes Matters .....Mr. McGuire
- Redeterminations
    1. County Sanitation Dist – Orange Co., 547413 (EA)
    2. Ira Stanley, 447520 (EA)
    3. S. Hessam Salarfar, 470298 (EH)
  - Relief of Penalty/Interest
    4. Home Shopping LP, 567242 (OH)
- G5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds .....Mr. McGuire
- Credits and Cancellations
    1. Barry Lee Collier, 482400 (AR)
  - Refunds
    2. County of L.A. Auditor, 553596 (AA)
    3. Williams-Sonoma, Inc., 559965 (BH)
    4. Charles Schwab & Co., Inc., 557597 (BH)
    5. County of Riverside Aud-Controllers, Lois Henry, 487900 (EH)
    6. Food'N Fuel, Inc., 556245
    7. Inland Empire Architectural Specialties, Inc., 563898 (EH)
    8. American Material Mgt. Alliance, Inc., 552905 (EH)
    9. Fry's Electronics, Inc., 563520 (GH)
    10. Mercedes-Benz USA, LLC, 567416 (KH)
    11. Agilent Technologies, Inc., 562280 (GH)
    12. Wells Fargo Dealer Services, Inc., 554767 (EA)
    13. Arrowhead Central Credit Union, 538738 (EH)
    14. Schoolsfirst Federal Credit Union, 497594 (EA)
    15. Americredit Financial Service, Inc., 553634 (OH)

16. Lobel Financial Corporation, 554396 (EA)
17. Pacific Service Credit Union, 553644 (CH)
18. Olson Precast Company, 561785 (EH)
19. Akka Corporation, 568761 (EA)
20. A-L Financial Corp., 553645 (EA)
21. Progeny Marketing Innovations, Inc. 518745 (OH)
22. Affinion Benefits Group, LLC, 495398 (OH)
23. Dwayne Nash Industries, Inc., 554679 (KH)

G6. Special Taxes Matters ..... Mr. Gau

➤ Redeterminations

1. U S Smokeless Tobacco Brands, Inc., 151452, 163664, 170086, 197348 (ET)

➤ Relief of Penalty

2. Philadelphia Indemnity Insurance Co., 562682 (ET) 'CF'
3. Fire Insurance Exchange, 562689 (ET) 'CF'

G7. Special Taxes Matters – Credits, Cancellations, and Refunds ..... Mr. Gau

➤ Refunds

1. Northwestern Mutual Life Ins. Co., 551094 (ET) 'CF'
2. Northwestern Mutual Life Ins. Co., 552166 (ET) 'CF'
3. Willis Insurance Services of California, Inc., 564987 (ET) 'CF'

There are no items for the following matters:

G8. Property Tax Matters

G9. Cigarette License Fee Matters

G10. Legal Appeals Property Tax Matters

There are no items for the following matters:

H. Tax Program Nonappearance Matters – Adjudicatory

I. Tax Program Nonappearance Matters

### Chief Counsel Matters

There are no items for the following matters:

J. Rulemaking

K. Business Taxes

L. Property Taxes

M. Other Chief Counsel Matters

### Administrative Session

There are no items for the following matters:

N. Consent Agenda

O. Adoption of Board Committee Reports and Approval of Committee Actions

P. Other Administrative Matters

These items are scheduled for Friday, June 24, 2011.

Announcement of Closed Session ..... Ms. Olson

**Q. Closed Session**

Q1. Discussion and approval of staff recommendations regarding settlement cases (Rev. & Tax. Code §§ 6901, 7093.5, 30459.1 and 50156.11).

Q2. Discussion and action on personnel matters (Gov. Code § 11126(a)).

Announcement of Open Session..... Ms. Olson

**Recess** - The meeting will reconvene on Wednesday, June 22, 2011, at 9:30 a.m.

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Diane G. Olson, Chief  
Board Proceedings Division

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**Wednesday, June 22, 2011**

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**B. Corporate Franchise and Personal Income Tax Hearings**  
(Contribution Disclosure forms required pursuant to Gov. Code § 15626.)

~~B15. [Matt T. Knudstrup and Deborah E. Knudstrup, 342390 +](#)~~

~~For Appellant: Matt T. Knudstrup, Taxpayer~~

~~For Franchise Tax Board: Jane Perez, Tax Counsel~~

~~Diane Ewing, Tax Counsel~~

B16. [Klaus W. Wang, 441035 +](#)

For Appellant: Klaus Wang, Taxpayer

John O. Kent, Attorney

For Franchise Tax Board: Maria Brosterhous, Tax Counsel

Ann Hodges, Tax Counsel

~~B17. [Shirley J. Carter, 518429 +](#)~~

~~For Appellant: Monical Allen, Representative~~

~~Jason Peart, Representative~~

~~For Franchise Tax Board: Karen Smith, Tax Counsel~~

~~Diane Ewing, Tax Counsel~~



- B18. [Richard Palmquist, 526815 +](#)  
For Appellant: Richard Palmquist, Taxpayer  
Amber Bridges, Representative  
For Franchise Tax Board: Jaclyn Appleby, Tax Counsel  
Diane Ewing, Tax Counsel
- B19. [Joe L. Santos, 445970 +](#)  
For Appellant: Jason Peart, Representative  
For Franchise Tax Board: Jane Perez, Tax Counsel  
Karen Smith, Tax Counsel
- B20. [Tawfik H. Rizkallah, 536082 +](#)  
For Appellant: Tawfik Rizkallah, Taxpayer  
Amber Bridges, Representative  
For Franchise Tax Board: Jaclyn Appleby, Tax Counsel  
Diane Ewing, Tax Counsel
- ~~B21. [Ruben Juarez, 514090, 514195 +](#)~~  
~~For Appellant: Ruben Juarez, Taxpayer~~  
~~Paul Delgadillo, Representative~~  
~~For Franchise Tax Board: Jaclyn Appleby, Tax Counsel~~  
~~Diane Ewing, Tax Counsel~~
- ~~B22. [Vista Pacific Townhomes Association, Inc., 522642 +](#)~~  
~~For Appellant: Murray Greiff, Attorney~~  
~~Norman Delgado, Witness~~  
~~For Franchise Tax Board: Jane Perez, Tax Counsel~~  
~~Karen Smith, Tax Counsel~~
- B23. [Maricel B. Hernandez, 521850 +](#)  
For Appellant: Maya Harel, Representative  
For Franchise Tax Board: Jaclyn Appleby, Tax Counsel  
Diane Ewing, Tax Counsel
- ~~B24. [Marie R. Sanders, 522825 +](#)~~  
~~For Appellant: Marie Sanders, Taxpayer~~  
~~Paul Delgadillo, Representative~~  
~~For Franchise Tax Board: Karen Smith, Tax Counsel~~  
~~Jane Perez, Tax Counsel~~
- B25. [Dennis LeVine and Dawn LeVine, 529697 +](#)  
For Appellant: Dennis P. LeVine, Taxpayer  
For Franchise Tax Board: Diane Ewing, Tax Counsel  
Jane Perez, Tax Counsel

**Recess** - The meeting will reconvene on Thursday, June 23, 2011, at 9:30 a.m.

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**Thursday, June 23, 2011**

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**C. Sales and Use Tax Appeals Hearings**

(Contribution Disclosure forms required pursuant to Gov. Code § 15626.)

C1. [Boris Khodzhoyan, 405900 \(AP\) +](#)

For Petitioner: Rubina Arutyunyan, Representative  
For Department: Scott Lambert, Hearing Representative

~~C2. [RC Marketing, Inc., 461615, 377842 \(EH\) +](#)~~

~~For Petitioner/Claimant: Regnor Hastings, Representative  
For Department: Cary Huxsoll, Tax Counsel~~

C3. [James Alan LaBarge, 422110 \(UT\) +](#)

For Petitioner: James Alan LaBarge, Taxpayer  
Cris J. Wenthur, Attorney  
For Department: Scott Claremon, Tax Counsel

C4. [Frank Allen Randazzo, 421497 \(UT\) +](#)

For Petitioner: Frank Allen Randazzo, Taxpayer  
Howard S. Borenstein, Attorney  
For Department: Scott Claremon, Tax Counsel

- C5. ~~Shantilli, LLC, 434838 (UT) +~~  
For Petitioner: ~~Brett Hoffman, Taxpayer~~  
For Department: ~~Scott Claremon, Tax Counsel~~
- C6a. Jeff's Exotic Fish, Inc., 484114 (AS) +  
C6b. Jeff's Exotic Fish, Costa Mesa, LLC, 484115 (EA) +  
C6c. Jeff's Exotic Fish, Costa Mesa, Inc., 484116 (EA) +  
For Petitioners: Jeff Majdali, Taxpayer  
For Department: Cary Huxsoll, Tax Counsel
- C7. City of Los Angeles-Controller, 489155, 509958 (AA) +  
For Petitioner/Claimant: Daniel Whitley, Representative  
Ricky Deguchi, Representative  
Bruce Truitt, Witness  
For Department: Scott Lambert, Hearing Representative
- C8. ~~Enyinnaya Christian Ojogho, 396268, 414889 (AS) +~~  
For Taxpayer/Claimant: ~~Enyinnaya Christian Ojogho, Taxpayer~~  
~~Martin I. Cutler, Attorney~~  
~~Genaro Augusto Arnao, Representative~~  
For Department: ~~Scott Lambert, Hearing Representative~~
- C9. Karen Renee Cullinane, 470168 (EH) +  
For Taxpayer: Karen Cullinane, Taxpayer  
For Department: Andrew Kwee, Tax Counsel
- C10. Edmundo Gonzalez, 470281 (FH) +  
For Petitioner: Edmundo Gonzalez, Taxpayer  
For Department: Andrew Kwee, Tax Counsel
- C11. ~~Housewares International, Inc., 464830 (AA) +~~  
For Petitioner: ~~Elias Lavi, Representative~~  
~~Melanie Balagtas, Representative~~  
For Department: ~~Scott Lambert, Hearing Representative~~

**Recess** - The meeting will reconvene on Friday, June 24, 2011, at 9:30 a.m.

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**C. Sales and Use Tax Appeals Hearings**

(Contribution Disclosure forms required pursuant to Gov. Code § 15626.)

C12. [Lona Marie Lee, 390217 \(AA\) +](#)

For Petitioner: Lona M. Lee, Taxpayer  
Floyd McCutcheon, Representative  
For Department: Scott Lambert, Hearing Representative

~~C13a. [Vincent Millhouse, 434901, 450539 \(AS\) +](#)~~

~~C13b. [Vincent Millhouse and Lisa D. Smith, 434902 \(AS\) +](#)~~

~~For Petitioners/Taxpayers: Vincent Millhouse, Taxpayer~~  
~~For Department: Scott Lambert, Hearing Representative~~

**D. Special Taxes Appeals Hearings**

(Contribution Disclosure forms required pursuant to Gov. Code § 15626.)

D1. [George Alfonos Youssef, 354991 \(ET\) +](#)

For Petitioner: Mark D. Pastor, Attorney  
For Department: Pamela Mash, Tax Counsel

~~D2. [Ahsan Atiq Rehman, 377576, 528881 \(ET\) +](#)~~

~~For Petitioner/Claimant: Ahsan Rehman, Taxpayer~~  
~~Jim Fier, Representative~~  
~~For Department: Stephen Smith, Tax Counsel~~

- D3. [Hassan Antonios Mahfood, 351999 \(ET\) +](#)  
 For Petitioner: Hassan Antonios Mahfood, Taxpayer  
 Michel Shashaty, Attorney  
 For Department: Pamela Mash, Tax Counsel

### **Petitions for Release of Seized Property**

- D4. [Zartosht, Inc., 554941 \(ET\) +](#)  
 For Petitioner: Mehdi Behmard, Representative  
 For Department: Pamela Mash, Tax Counsel
- D5. [Egyptian Company, LLC, 562693 \(ET\) +](#)  
 For Petitioner: Nabil Khalil, Taxpayer  
 For Department: Pamela Mash, Tax Counsel

### **Administrative Session**

Items that appear under these matters provide information to the Members and may require Board action or direction.

### **P. Other Administrative Matters**

- P1. Executive Director's Report.....Ms. Cazadd
1. [Report on time extensions to Alpine, Colusa, Lassen, Los Angeles, Madera, San Joaquin, Santa Cruz, Sonoma, Sutter, Tehama and Yolo Counties to complete and submit 2010/11 Local Assessment Roll, pursuant to Revenue and Taxation Code section 155. +](#)
  2. CROS Project Update and Actions ..... Mr. Gau  
[Progress on the CROS project to replace BOE's two current tax legacy technology systems. +](#)

### **Board Committee Meeting convenes upon Adjournment of the Board Meeting\***

[Legislative Committee](#) .....Mr. Horton, Committee Chairman

Set forth below are suggestions for Sales and Use Taxes legislation to be sponsored by the BOE in the first year of the 2011-12 Legislative Session.

### **I. 2011 Legislative Proposals: Business Taxes - Sales and Use Taxes**

- 3-15 Add Revenue and Taxation Code Section 6452.2 to the Sales and Use Tax Law to specify a due date of April 15 for eligible purchasers, as defined, who have incurred use tax liabilities on purchases made during the previous calendar year.

## II. 2011 Legislative Bills: Recommendation for Board Position

- AB 1424      Whether to extend provisions to the BOE, with an additional safeguard that requires the BOE to determine, on a case-by-case basis, which debtor it recommends for a license suspension, taking into account all facts and circumstances, and whether a suspension would be in the best interests of the state; Author: Perea

### Adjourn

General information regarding Board and Committee Meetings can be found at [www.boe.ca.gov/meetings/boardcomm.htm](http://www.boe.ca.gov/meetings/boardcomm.htm). If you would like specific information regarding items on this Notice and Agenda, please telephone (916) 322-2270 or e-mail: [MeetingInfo@boe.ca.gov](mailto:MeetingInfo@boe.ca.gov). Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

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The hearing location is accessible to people with disabilities. Please contact Joann Richmond at (916) 322-1931, or e-mail [Joann.Richmond@boe.ca.gov](mailto:Joann.Richmond@boe.ca.gov) if you require special assistance.

Diane G. Olson, Chief  
Board Proceedings Division

- \* Public comment on any committee agenda item will be accepted at the beginning of the committee meeting.
- \*\* Public comment on any agenda item, other than a Closed Session item or an item which has already been considered by a Board Committee, will be accepted at that meeting.
- + Material is available for this Item.
- ++ Material will be available at a later date.
- 'CF' Constitutional Function – The Deputy State Controller may not participate in this matter under Government Code section 7.9.